

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01

INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15

ICA-11 AID-05 EB-08 COME-00 INT-05 OMB-01 TRSE-00

SIL-01 LAB-04 EA-10 /110 W

-----113871 180330Z /63

R 151205Z MAY 78

FM AMEMBASSY MAPUTO

TO SECSTATE WASHDC 7015

INFO AMEMBASSY DAR ES SALAAM

AMEMBASSY LILONGWE

AMEMBASSY LISBON

AMEMBASSY LUSAKA

AMEMBASSY PRETORIA

AMCONSUL JOHANNESBURG

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JOHANNESBURG FOR REGIONAL MINERALS OFFICER

E.O. 11652: N/A

TAGS: EMIN, EINV, MZ

SUBJECT: NATIONALIZATION OF MOATIZE COAL MINE

BEGIN UNCLASSIFIED

1. SUMMARY: MOZAMBIQUE'S ONLY COAL MINE WAS NATIONALIZED MAY 12 AND COMPENSATION PROMISED FORMER OWNERS. NEW STATE ENTERPRISE CARBOMOC WILL OPERATE MINE. END SUMMARY.

2. THE PERMANENT COMMITTEE OF THE MOZAMBIQUE PEOPLE'S ASSEMBLY DECIDED MAY 12 TO NATIONALIZE THE NATION'S ONLY COAL MINE AT MOATIZE IN TETE PROVINCE, AND THE COMPANY WHICH CONTROLS IT, COMPANHIA CARBONIFERA DE MOCAMBIQUE. THE REASON GIVEN FOR NATIONALIZATION WAS THE LACK OF SAFETY PRECAUTIONS FOR MINERS AND THE DESIRE OF THE MOZAMBIQUE GOVERNMENT TO TAKE CONTROL OF KEY SECTORS OF THE

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ECONOMY, AS OUTLINED IN THE ECONOMIC DIRECTIVES OF THE FEBRUARY, 1977, THIRD FRELIMO PARTY CONGRESS.

3. THE ASSEMBLY'S LAW CALLS FOR INDEMNIFICATION UNDER TERMS TO BE SET AT A FUTURE DATE. UNDER THE MOZAMBIQUE CONSTITUTION, SUBSOIL AND MINERAL RIGHTS BELONG TO THE STATE SO THESE WILL NOT BE COMPENSATED. THE LAW EMPHASIZED ALSO THAT THE INDEMNIFICATION COULD

BE NULLIFIED IF THE FORMER OWNERS ATTEMPTED TO SABOTAGE OR INHIBIT THE OPERATION OF THE MINE OR DESTROY ITS RECORDS. THE PORTUGUESE/MOZAMBICAN GROUP ENTERPOSTO HELD 46 PERCENT OF COMANHIA CARBONIFERA. THE SOUTH AFRICAN STATE COMPANY ISCOR IS SAID TO OWN 25 PERCENT OF THE FIRM. THE MOZAMBIQUE GOVERNMENT ALREADY CONTROLLED A FIVE PERCENT SHARE.

4. LABOR MINISTER ALBERTO CASSIMO AND FORMER GOVERNOR OF TETE PROVINCE ANTONIO THAI BROUGHT THE NELS DIRECTLY TO MOATIZE AT A GENERAL MEETING OF EMPLOYEES OF THE MINING COMPANY. LOCAL PRESS ACCOUNT OF THEIR TRIP REPORTS THAT WORKERS EXPRESSED SATISFACTION AT THE DECISION.

5. A STATE ENTERPRISE WITHIN THE MINISTRY OF INDUSTRY WAS ESTABLISHED TO TAKE OVER OPERATION OF THE MINE. CURRENT EMPLOYEES WERE PROMISED CONTINUED EMPLOYMENT. THE NEW FIRM TO BE CALLED EMPRESA NACIONAL DE CARVAO DE MOCAMBIQUE (CARBOMOC) WILL BE HEADED BY FRANCISCO PEDRO DE JESUS SOARES.

6. MOATIZE PRODUCED 550,000 TONS OF COAL IN 1976, BUT WAS CLOSED IN AUGUST, 1977, AFTER AN EXPLOSION KILLED ABOUT 70 MINERS. IN THE AFTERMATH OF THAT DISASTER, SEVEN PORTUGUESE AND TWO BELGIAN OFFICIALS OF THE MINING COMPANY WERE KILLED IN THE WORKERS' RIOT. LARGE-SCALE MINING OPERATIONS ARE RESUMING THIS MONTH, AIDED BY ROUMANIAN AND EAST GERMAN TECHNICIANS. MAJOR MARKETS FOR MOATIZE COAL ARE JAPAN, NORTH KOREA, MALAWI AND ROMANIA.
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7. COMMENT: THE NATIONALIZATION WAS EXPECTED BECAUSE OF THE THIRD PARTY CONGRESS DIRECTIVES AND THE UNHAPPY RECORD OF COSTLY ACCIDENTS AT MOATIZE. HOWEVER, THE ANNOUNCEMENT WAS ACCOMPANIED BY OCCUPATION OF ENTREPOT OFFICES BY ARMED SOLDIERS, CUTTING TELEPHONE CONNECTIONS AND A BAN ON OFFICIALS OF THE COMPANY LEAVING THE COUNTRY. (THE GENERAL MANAGER HAD BEEN DUE TO LEAVE FOR PORTUGAL THE DAY OF THE DECISION). THIS UNUSUAL PROCEDURE AND THE WARNING AGAINST SABOTAGE MAY HAVE BEEN SIMPLY A SHOW OF FORCE OR MAY INDICATE THAT QUESTIONABLE PRACTICES WERE SUSPECTED.

8. THE DISPATCH OF THAI, POPULAR FORMER TETE GOVERNOR, DEMONSTRATES THAT THOSE GOVERNORS REPLACED IN LAST MONTH'S RESHUFFLE ARE STILL IN GOOD STANDING AND WILL PROBABLY BE CALLED ON FOR OTHER INFLUENTIAL POSITIONS IN TIME.

9. THE NATIONALIZATION IS CONSISTENT WITH GPRM POLICY OF PROMISING COMPENSATION FOR DIRECT NATIONALIZATIONS (BUT NOT SO-CALLED ABANDONMENTS) AND OF GAINING CONTROL OF IMPORTANT ECONOMIC ASSETS, ESPECIALLY FOREIGN-EXCHANGE EARNERS.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, COAL, MINING INDUSTRY, STATE ENTERPRISES, INDEMNIFICATION
Control Number: n/a
Copy: SINGLE
Draft Date: 15 may 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MAPUTO00612
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780208-0972
Format: TEL
From: MAPUTO
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780559/aaaabxrg.tel
Line Count: 118
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 14861c9f-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2690226
Secure: OPEN
Status: NATIVE
Subject: NATIONALIZATION OF MOATIZE COAL MINE BEGIN UNCLASSIFIED
TAGS: EMIN, EINV, MZ
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/14861c9f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014